

# **THE OFFICE OF REGULATORY STAFF**

## **DIRECT TESTIMONY**

**OF**

**A. RANDY WATTS**

**June 3, 2009**



**DOCKET NO. 2009-165-E**

**APPLICATION OF SOUTHERN POWER COMPANY  
FOR A CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY  
AND PUBLIC CONVENIENCE AND NECESSITY FOR THE  
CONSTRUCTION AND OPERATION OF A NEW 230-KV  
TRANSMISSION LINE IN CHEROKEE COUNTY,  
SOUTH CAROLINA**

**DIRECT TESTIMONY OF**

**A. RANDY WATTS**

**ON BEHALF OF**

**THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF**

**DOCKET NO. 2009-165-E**

**IN RE: APPLICATION OF SOUTHERN POWER COMPANY FOR A CERTIFICATE  
OF ENVIRONMENTAL COMPATIBILITY AND PUBLIC CONVENIENCE AND  
NECESSITY FOR THE CONSTRUCTION AND OPERATION OF A NEW 230-  
KV TRANSMISSION LINE IN CHEROKEE COUNTY, SOUTH CAROLINA**

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.**

**A.** My name is Randy Watts. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina 29201. I am employed by the State of South Carolina as Program Manager of the Electric Department for the Office of Regulatory Staff ("ORS").

**Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

**A.** I received a Bachelor of Science Degree in Electrical Engineering from the University of South Carolina in Columbia in 1976. I was employed at that time by the Public Service Commission of South Carolina ("Commission") as a Utilities Engineer in the Electric Department and was promoted to Chief of the Electric Department in August 1981. Subsequent to internal Commission restructuring, my position was redesignated Chief of Electric in October 1999. I remained in that role until transferring to my current position with ORS in January 2005. I have testified on numerous occasions before the

Commission in conjunction with fuel clause, complaint, territorial assignment, Siting Act, Base Load Review Act and general rate case proceedings.

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

A. The purpose of my testimony is to provide the results of ORS's review of the Application of Southern Power Company d/b/a Southern Power Company-South Carolina ("Southern Power" or "Company") for a Certificate to construct, operate and maintain a new 230-kV transmission line in Cherokee County South Carolina. The Application was filed pursuant to SC Code §58-33-10 et seq. the Utility Facility Siting and Environmental Protection Act ("Siting Act").

**Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF THE PROPOSED TRANSMISSION FACILITY.**

A. The proposed facility is a 230-kV, 1.8 mile transmission line extending from Southern Power's proposed merchant generating facility in Cleveland County, North Carolina to Cherokee County, South Carolina at the interconnection with Duke Energy's Ripp substation. The South Carolina portion of the line as proposed will traverse approximately 0.9 miles in Cherokee County, South Carolina.

**Q. PLEASE DESCRIBE THE INFORMATION REQUIRED BY THE SITING ACT TO BE INCLUDED IN AN APPLICATION FOR A CERTIFICATE?**

A. The Siting Act directs that an application contain a description of the location and the major utility facility to be built; a summary of any studies which have been made of the environmental impact of the facility; a statement explaining the need for the facility; and such other information as the applicant may consider relevant or as the Commission may require.

1   **Q.     DOES THE APPLICATION CONTAIN THIS INFORMATION?**

2   **A.**           Yes. A description of the facility and its location is presented as well as a  
3           summary of the environmental impact and the intended use or need for the facility.

4   **Q.     WHAT IS YOUR UNDERSTANDING OF THE BASIS FOR THE NEED FOR**  
5       **THIS TRANSMISSION LINE?**

6   **A.**           The Company has entered into long-term power purchase agreements with North  
7           Carolina Municipal Power Agency No. 1 and North Carolina Electric Membership  
8           Corporation for approximately 75% of the output of the proposed natural gas-fired  
9           generating facility to be located in North Carolina. These agreements contemplate power  
10          delivery commencing in January 2012. In order for power to be delivered by the facility it  
11          will be necessary to connect the generators to the grid at Duke Energy's Ripp substation  
12          by means of the proposed 1.8 mile transmission line. ORS understands the Company is  
13          seeking a purchaser of the remaining 25%. Southern Power has also entered into an  
14          interconnection agreement with Duke Energy Carolinas with the following milestone  
15          schedule dates:

16          In-Service Date:                   July 1, 2011

17          Initial Synchronization Date:       October 1, 2011

18          Commercial Operation Date:       January 1, 2012

19   **Q.     HOW WILL THE 230-KV LINE SERVE THE INTEREST OF SYSTEM**  
20       **ECONOMY AND RELIABILITY?**

21   **A.**           The Company indicates that it will be able to market a portion of this capacity to  
22           customers in South Carolina. It is worth noting the Company is currently providing all of  
23           the electricity needs of Piedmont Municipal Power Agency ("PMPA") under a full

requirements contract from other existing Company-owned facilities. PMPA is an agency consisting of ten South Carolina cities which provide electricity to approximately 100,000 customers in northwestern South Carolina.

**Q. PLEASE COMMENT ON THE SITING ACT REQUIREMENT OF REASONABLE ASSURANCE THE PROPOSED FACILITY WILL CONFORM TO APPLICABLE STATE AND LOCAL LAWS AND REGULATIONS.**

**A.** The Company is an established public utility in states throughout the Southeastern United States with electric operations in North Carolina, Georgia, Alabama and Florida. In the Application, the Company affirms that it will conform to all applicable state and local laws and regulations as they pertain to the proposed transmission line facility.

**Q. WERE THERE ANY PROTESTS FILED AGAINST THE COMPANY'S REQUEST FOR A CERTIFICATE FOR THE TRANSMISSION LINE?**

**A.** ORS is not aware of any protests or comments filed by the other statutory parties in this proceeding or from the landowners from whom rights-of-way must be secured. The statutory parties, other than ORS, have expertise in the fields of environment, health, recreation and natural resources and include the SC Department of Health and Environmental Control, the Department of Natural Resources, and the Department of Parks, Recreation and Tourism.

**Q. HAS THE COMPANY SECURED THE NECESSARY RIGHTS-OF-WAY FROM THE AFFECTED LAND OWNERS ALONG THE TRANSMISSION LINE ROUTE IN SOUTH CAROLINA?**

**A.** ORS is not aware of the Company having secured the rights-of-way; however, the Application states that the Company is currently engaged in negotiations with the

1 affected landowners and once the rights-of-way are secured, the Commission will be  
2 notified. Acquisition of proper rights-of-way will be necessary prior to the Company  
3 extending the proposed transmission line across the properties.

4 **Q. HOW WILL THIS PROJECT AID IN ECONOMIC DEVELOPMENT AND**  
5 **ATTRACTION AND RETENTION OF JOBS IN SOUTH CAROLINA?**

6 **A.** The generating facility will be located close to the North Carolina-South Carolina  
7 border and during construction the Company states approximately 300 workers will be  
8 employed. Once construction is completed and the plant is operating, the Company  
9 anticipates there will be four to six permanent jobs created to operate and maintain the  
10 generating facility. According to the Company, due to the close proximity of the plant to  
11 South Carolina it is likely that some of both the construction and permanent employees  
12 will come from South Carolina. Economic development should not be inhibited by the  
13 addition of the facility.

14 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

15 **A.** Yes, it does.